

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009****1. Corporate Information**

Landmark Spinning Industries Limited (the Company) was incorporated in Pakistan, as a private Limited Company on October 21, 1991 and was converted into a public limited company on April 30, 1992 under the Companies Ordinance, 1984 and its share are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the Company is located at 1st floor, cotton Exchange Building, I.I. Chundigar Road, Karachi, Pakistan; while its manufacturing facilities are located at Winder Baluchistan, Pakistan. The Principal activity of the Company is trading, Manufacturing and sale of Yarn.

The company commenced its commercial operation, from 2001 after reactivation of plant which remained idle for the seven years. However, the company again has suspended its production on November 29, 2002 to forestall the recurring losses on account of electricity breakdowns and frequent Load shedding stop gap arrangement was made to suspend operations for the time being until the market trends becomes conducive for positive results. The management feels that immediately upon the utility provision of gas supplies to winder Baluchistan industrial zone S.S.G.C. Limited, which is in progress, the production will be expected to commence in future.

1.1 Going Concern Assumption

The Company has incurred a net loss, after tax, of Rs. 925,668/-, during the year ended June 30, 2009, and as of that date it has accumulated losses of Rs. 169,121,708 which have eroded its Capital and Current Liabilities exceed its Current Assets by Rs. 866,306/-, and its total liabilities exceed its Total Assets by Rs. 47,884,708/-. Further, as mentioned in Note 1, the operations of the company are, and have been in recession for a considerable period of time. During the year under review the production remain suspended owing to unfavorable conditions and lack of infrastructure facilities at winder Industrial area, especially the non availability of gas, as prices of fuel, diesel and electricity breakdowns have already caused the unit to bear losses. Conversely, the Management is hopeful to revive the unit, and start operations in the near future, The Government has plans to Provide Gas Connection at the mills in Winder (Baluchistan), and the company also is actively persuading the Government for supply of Gas connection at the factory which is expected to be supplied in future. Upon the supply of Gas connection, the management would commence commercial operation and ultimately, the shareholders would be benefited in future.

2. Statement of Compliance

These financial statement have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) Issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. Basis of Preparation

The financial statements have primarily been prepared on the historical cost basis, unless an accounting policy herein states otherwise. The financial statements, except for the cash flow statements, have been prepared under the accrual basis of accounting.

4. Approval of Financial Statements

These financial statements were approved by the Board of Directors and authorized for issue on 6th October, 2009.

5. Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are revised on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

5.1. Property, Plant and Equipments

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with corresponding affect on the depreciation charge and impairment.

5.2. Income Taxes

In making the estimates for income taxes currently payable the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

5.3. Initial Application of a standard or and Interpretation

The following standards, amendments and Interpretations become effective during the current year.

IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after July 01, 2008) supersedes IAS 30 - Disclosures in the financial statements of Bank and similar Financial Institutions and the disclosure requirements of IAS 32 - Financial Instruments: Disclosure and presentation. The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.

IAS 29 - Financial Reporting in Hyperinflationary Economic (effective for annual periods beginning on or after July 01, 2008). The Company does not have any operations in hyperinflationary Economics and therefore the application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC 12 - Service Concession Arrangements (effective for annual period beginning on or after January 1, 2008). The application of this standard did not affect the financial statements of the Company.

IFRIC 13 Customer Loyalty Programmes (effective for annual period on or after 01 July 2008) addresses the accounting by entities that operation or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.

IFRIC 14 IAS 19 - The limit on defined Benefit Asset. Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. The interpretation has no effect on Company's financial statements for the year ended 30 June 2009.

b) Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases:

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a periods other than those changes resulting from transaction with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statements and all non-owner changes in equity in a single statement) or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that assets.

IAS 27 Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor.

Amended IAS 27 Consolidated and separate Financial Statements (effective for annual beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former a subsidiary will be measured as fair value with gain or loss recognized in the profit or loss.

Amendment to IAS 32 Financial instruments: Presentation and IAS I Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)- Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that on the entity an obligation to deliver to another party pro rate share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met.

Amendments to IAS 39 and IFRIC 9 - Embedded derivative (effective for annual beginning on or after 1 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instruments when financial assets are reclassified out of the fair value.

Amendment to IAS 39 Financial instruments: Recognition and measurement - Eligible hedged item (effective for annual periods beginning on or after 1 July 2009) clarifies the application of existing principles that determine whether specific risk or portions of cash flows are eligible for designation in a hedging relationship.

Amendment to IFRS 2 Share-based payment-vesting Conditions and Cancellation (effective for annual periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires no vesting condition to be reflected in grant - date fair value and provides the accounting treatment for non-vesting conditions and cancellations.

Amendment to IFRS 2- Share-based payment- Group cash settled Share-based payments Transaction (effective for annual periods beginning on or after 1 January 2010) Currently effective IFRS requires attribution of group share-based payment transaction only if they are equity-settled. The amendment resolve diversity in practice regarding attribution of cash-settled share-based payment transaction and require an entity receiving goods or services in either an equity-settled or a cash-settled payments transaction to account for the transaction in its separate or individual financial statements.

Revised IFRS 3 Business Combinations (Applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisition being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-acquiring interest in an acquire to be measured at fair value with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, are at its proportionate interests in identification assets and liabilities of an acquire, on a transaction-by-transaction bases.

IFRS 4 - insurance Contracts (effective for annual periods beginning on or after 1 January 2009). The IFRS makes limited improvement to accounting for insurance contracts until the Board completes second phase of its project on insurance contracts. The standards also require an entity issuing insurance (an insurance) to disclose information about those contracts.

Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009) These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the reliability of fair value measurement disclosures and require entities to provide additional disclosures about the reliability of fair value measurements.

IFRS 8 Operating segments (effective for annual periods beginning on or after 1 January 2009) introduces the "management approach " to segment reporting IFRS 8 will require a change in presentation and disclosure of segment information based in the internal reports that are regularly reviewed by the Company's chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. Currently the Company present segment information in respect of its business segment.

IFRS 15 - Agreement for Construction of Real Estate (effective for annual periods on or after 1 October 2009) clarifies the recognition of revenues by real estate developers for sale of units, such as apartments or houses, off-plan. That is before construction is complete.

IFRIC 16 Hedge of Net Investment in a Foreign Operating (effective for annual periods beginning on or after 1 October 2008) clarifies that investment hedged can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign for operation, the hedged instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used.

IFRIC -17 Distributions of Non-cash Assets to Owners (effective annual periods beginning on or after 1 July 2009) states that when Company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognized in the income statement.

IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customer received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or goods or services (such as supply of electricity, gas or water).

6. Significant Accounting Policies

6.1 Trade and Other Payables

Liabilities for trade and other amounts payable are carried at cost, which is fair value of the consideration to be paid in the future for the goods or services so received whether billed to the Company or not.

6.2 Taxation

Current Year

Provision in respect of current year's taxation is based on the method of taxation prescribed under the Income Tax Ordinance, 2001, whereby taxable income is determined and tax charged at the current rates of taxation after taking into account tax credits and rebates available, if any, or the minimum tax liability determined under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

The Company accounts for deferred taxation on all material timing differences between the tax and accounting base of an asset or a liability. However, deferred tax is not provided if it can be established with reasonable certainty that these differences would not crystallize in the foreseeable future.

6.3 Property, Plant and Equipment

- Owned

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any; except

for Capital works in progress which are stated at cost and lease hold land which is on straight line basis.

- Depreciation

Depreciation is charged to income using reducing balance method, at the rates specified in the annexed schedule, whereby the cost of asset is written off over its estimated useful life, reflecting the approximate value of the consumption of the respective assets economic benefits. The depreciation method and useful lives of the items

of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

- **Repairs, renewals and maintenance**

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

6.4. Stores, Spares and Loose Tools

These are stated at the lower of cost and net realizable value. The cost of inventory is based on the average cost. Items in transit are stated at cost accumulated up to the date of the balance sheet.

6.5 Stock-in-Trade

These are valued as follows :

Raw Material	: At lower of average cost or net realizable value.. Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished Goods	: At lower of weighted average cost or net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.

Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

6.6 Trade Debts & Other Receivables

Trade debts are carried at the original invoice amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified. Debts considered bad, if any, by the management are written-off, and provision is made against those considered doubtful. No general provision is made for bad and doubtful debts.

6.7 Foreign Currency Translation

Transactions in foreign currencies, if any, are recorded using the rates of exchange prevalent at the date of the transaction. Assets and Liabilities in foreign currencies, if any, are translated into the reporting currency, i.e., Rupees, at the exchange rate prevalent at the balance sheet date, except where foreign exchange contracts are entered into; in which case, the contracted rates are used. Exchange gains and losses, if any, are included/charged into income currently.

6.8 Deferred cost - Unallocated Pre-production Expenses

The company used to amortize this deferred cost over a period of five years from the years of commencement of commercial production.

6.9 Borrowing Cost

Borrowing cost are charged to income in the period in which they are incurred.

6.10 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and that a reliable estimate can be made for the amount of this obligation.

6.11 Financial Instruments**Recognition**

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account to which it arises.

Off Setting

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charges on liability is also offset.

Derivatives

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positives and liabilities when fair value is negative.

6.12 Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash bank balances.

6.13 Impairment of Assets

The carrying amounts of the assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount, whereby the asset is written down and that impairment losses are recognized in the profit and loss account.

6.14 Related Party Transactions

All transactions with related parties are carried out by the company at arm's length prices with the exception of loan taken from related parties which is interest / mark up free.

6.15 Loans, Advances and other Receivables

Loans, Advances and other receivables are recognized initially at cost, and subsequently at their amortized / residual cost.

6.16 Revenue Recognition

Revenue from Sales is recognized on dispatch of goods to customers.
Other Income is recognized on accrual Basis.

6.17 Employees Benefits

The company does not operate any employee's benefits scheme.

6.18 Contingent Liability.

A contingent liability is disclosed in the financial statements unless the possibility of an out flow of resources embodying economic benefits is remote.

6.19 Contingent Assets.

A contingent asset is disclosed where in inflow of economic benefits is probable.

LANDMARK SPINNING INDUSTRIES LIMITED

2009
Rupees

2008
Rupees

7. Tangible Fixed Assets

Property, Plant and Equipment

240,562,796

240,568,880

Property, Plant and Equipment - At cost less accumulated depreciation

Particulars	Cost/Revaluation			Rate %	Depreciation			Written Down Value As At June 30, 2008
	As at July 01, 2007	Revaluation	Additions/ (Deletion) June 30, 2008		As at July 01, 2007	For the Period	As at June 30, 2008	
	<i>Rupees</i>				<i>Rupees</i>			
Lease hold land	10,956,340	-	-	10	356,340	-	356,340	10,600,000
Factory Building on Lease hold land	97,170,546	-	-	10	17,799,080	-	17,799,080	79,371,466
Plant and Machinery	188,097,970	-	-	10	37,902,816	-	37,902,816	150,195,154
Hut at Sanspit (leasehold)	308,500	-	-	10	255,623	5,288	260,911	47,590
Power House Generator	40,000	-	-	10	28,843	-	28,843	11,157
Telephone Installations & Instrur	108,200	-	-	10	77,108	-	77,108	31,092
Factory Tools and Equipments	115,205	-	-	10	81,423	-	81,423	33,782
Furniture, Fixture and Equipm	3,183	-	-	10	2,184	-	2,184	999
Electrical Installations	388,116	-	-	10	126,223	-	126,223	261,893
Vehicles	195,000	-	-	20	191,022	796	191,817	3,184
Sales and Measuring Equipment	8,000	-	-	10	1,520	-	1,520	6,480
2009	297,391,060	-	-	10	56,822,182	6,083	56,828,266	240,562,796
2008	209,677,702	87,713,358	-	10	56,815,312	6,870	56,822,182	240,568,880

NOTE

7.1. In the year 2008 the following fixed assets were revalued by independent valuer namely M/s A.R. Bherwani (Private) Limited, and their Report on the revaluation dated April 21, 2008 and Board of Directors of the Company have resolve to incorporate the effect of the revaluation in the financial statements for the year ended June 30, 2008. The surplus arising from the revaluation is Rs. 87, 713, 358/= The depreciated values as per valuation reports on that date are as follows:

REVALUED AMOUNT	BOOK VALUE AS ON JUNE 30, 2008	DIFFERENCE BETWEEN BOOK VALUE & REVALUED AMOUNT	Had there been on revaluation the related figures of Land and Building and Plant and Machinery as at June 30, 2009 would have been as follows:		
			COST	Accumulated Depreciation	Written Down Value
Lease hold land	10,956,340	2,969,450	7,986,890	Lease hold land	
Factory Building on lease hold land	97,170,546	65,679,261	31,491,285	Factory Building on lease hold land	2,969,450
Plant and Machinery	188,097,970	139,862,787	48,235,183	Plant and Machinery	65,679,261
	296,224,856	296,224,856	87,713,358		139,862,787
					37,902,816
					101,959,971

2009
Rupees

2008
Rupees

Allocation of Depreciation

Depreciation for the period has been allocated as follows:

Production Expenses

Administrative Expense

-	-
-	-
6,083	6,870
6,083	6,870

7.2 No Depreciation since 2002-2003 on assets except a Hut on Sandspit (Lease Hold) and Vehicles had been charged during the period as their has been no production activity made during the period review. Had the company charged depreciation on all the assets of the company the written down value of Fixed assets would have been reduced by Rs. 83,632,230 and consequently Accumulated losses of the company as of Balance sheet date would have been increased by Rs. 83,632,230 and also the company not considered the impact of depreciation on revaluation then written down value of Fixed assets (with out revaluation) would have been reduced by Rs. 68,324,463 and consequently Accumulated losses of the company as of Balance Sheet date would have been increased by Rs. 68,324,463.

LANDMARK SPINNING INDUSTRIES LIMITED

	June 30, 2009 Rupees	June30, 2008 Rupees
8. <u>Long Term Deposits</u>		
Central Depository Company	25,000	25,000
9. <u>Advance Income Tax</u>		
	38,688	38,688
	38,688	38,688
10. <u>Trade Deposits and Prepayments - Considered good</u>		
Guarantee Margins	474,980	474,980
	474,980	474,980
11. <u>Cash and Bank Balances</u>		
Cash in Hand		
Cash at Banks - Current Accounts	75,575	72,350
	75,575	72,350
12. <u>Trade and Other Payables</u>		
Creditors for Goods	81,804	81,804
Accrued Liabilities		
Accrued Expenses	1,106,471	1,013,978
Others		
With holding tax Payable	267,274	267,274
	1,455,549	1,363,056

13. Contingencies and Commitments

Karachi port trust's has filed a suit bearing No. 201 of 2001 in Banking Court No. 1 against National Bank of Pakistan and other claiming recovery of Rs. 73,23,546 under section 9 of the Banking Companies (Recovery of Loan, Advances, Credit and Finance) act XV of 1997. The ultimate result of the suit can put the Company to bear liability in cash of any order / decree is passed by the said court in favor of K.P.T. Landmark Spinning Industries Ltd. has filed litigation as Intervener / Defendant No.3 in order to Contest the Suit as Party on invalid Claim of KPT against the Bank guarantees of Rs. 3,245,000 which expired on 15th May, 1994. The matter is pending adjudication.

14. Issued, Subscribed and paid-up Capital

No. of Ordinary Shares of Rs. 10/-

<i>each</i>			<i>each</i>	
2009	2008		2009	2008
12,123,700	12,123,700	Fully Paid in cash	121,237,000	121,237,000
12,123,700	12,123,700		121,237,000	121,237,000

15. Surplus on Revaluation of Property, Plant and Equipments

This represents surplus over the book value resulting form the revaluation of Land, Building and Plant and Machinery Carried out by independent valuer namely M/s A.R. Bherwani (Private) Limited , and their Report on the revaluation dated April 21,2008 on the basis of market value or depreciated replacement values as applicable.

LANDMARK SPINNING INDUSTRIES LIMITED

		June 30, 2009 Rupees	June30, 2008 Rupees
16. Long term Loan			
(Unsecured & Interest free)			
From Directors	16.1	23,427,751	23,427,751
From Associated Undertakings	16.2	176,465,089	175,634,773
		<u>199,892,840</u>	<u>199,062,524</u>
16.1 Maximum balance due at the end of any month during the year is Rs. 23,427,751,(2008 : Rs 23,427,751)			
16.2 Maximum balance due at the end of any month during the year in Rs. 176,465,089 (2009 : Rs 175,634,773)			
16.3 Terms of repayment of these loans have not been executed with the directors and associated undertakings			
16.4 The above loans are unsecured and interest free.			
17. Administrative and General Expenses			
Salaries & Wages		465,866	424,284
Fees & Subscription		130,906	122,550
Printing & stationery		33,250	17,000
Advertisement Expenses.		9,690	37,400
Insurance Exp.		74,028	74,028
Legal and Professional Charges		30,000	30,000
Oil and Lubricants Consumed		98,700	97,815
Auditors Remuneration		75,000	75,000
Depreciation Expenses.		6,083	6,870
		<u>923,523</u>	<u>884,947</u>
18. Finance Cost			
Bank Charges and Commission		2,145	733
		<u>2,145</u>	<u>733</u>
19. Taxation			
19.1 The company's income tax assessment have been finalised including and upto Tax year 2008 (accounting Year 2006-207)			
19.2 Management feels that there is no material temporary differences. Accordingly, deferred tax provision is not required.			
19.3 The numerical reconciliation between the average tax rate and the applicable tax rate has not presented in theses financial statements as the company is not in operational activities as described in note 1 of these financial statements.			
20. Earnings Per Share - Basic and Diluted			
Profit after Taxation		(925,668)	(885,680)
Weighted Average Number of Ordinary Shares		12,123,700	12,123,700
Earning per Share - Basic	Rupees	(0.08)	(0.07)
21. Related Party Transactions			
Bridge financing		830,316	987,991

All transactions were carried out on normal terms and conditions. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment.

22. Plant Capacity and Production

Particulars	2009		2008	
	Average		Average	
	Count		Count	
Actual production converted to 20 count	-	-	-	-
Attainable capacity (in million kgs)	-	6,152	-	6,152
Number of spindles installed	-	22,848	-	22,848
Worked during the year	-	-	-	-
Number of shifts worked during the year	-	-	-	-

23. Reason for Suspension of Operation

The Production remain Suspended during the Period 2008-2009 under review due to repeated power break downs in winder (Baluchistan) causing damage to the machinery, beside, unfavorable market conditions, unworkable prices of raw Cotton and to increase overhead Costs. The company is in preparation to commence production activities in near future as and when Gas supplies are made available by SSGC in Winder Baluchistan.

24. Remuneration of Chief Executive, Directors and Executives

No. remuneration or Benefit paid to Chief Executive, Director and Executives of the company due to company not involve in the operational activities.

25. Financial Instruments

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

25.1 Credit risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company beleives that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is:

	2009	2008
	<i>Rupees</i>	
	474,980	474,980
Deposits and Prepayments	75,575	72,350
Cash with banks in current accounts	550,555	547,330

25.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The company is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark up accrued.

2009					
Carrying Amount	Contractual Cash Flows	Six Months or Less	Six to Twelve	One to Two Year	Two to Five Years
Rupees					

Financial Liabilities

Long term loans from associated

Companies - interest free	199,892,840	199,892,840	-	-	-	199,892,840
Trade and other payables	1,455,549	1,455,549	431,813	1,023,736	-	-
	201,348,389	201,348,389	431,813	1,023,736	-	199,892,840

2008					
Carrying Amount	Contractual Cash Flows	Six Months or Less	Six to Twelve	One to Two Year	Two to Five Years
Rupees					

Financial Liabilities

Companies - interest free	199,062,524	199,062,524	-	-	-	199,062,524
Trade and other payables	1,363,056	1,363,056	265,980.00	1,097,076.00	-	-
	200,425,580	200,425,580	265,980.00	1,097,076.00	-	199,062,524

25.3 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices. The Company manages market risk through binding contracts.

a) Currency risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not materially exposed to foreign currency risk on foreign currency assets and liabilities.

b) Interest rate risk

The Company has availed interest free long term loans from associated companies therefore the Company is not exposed to Interest rate risk.

25.4 Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

25.5 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.

25.6 Fair value of financial instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's lenght transaction. Consequently, differences may arise between the carrying balue and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

26. General

- i) Figures have been rounded off to nearest rupee.
- ii) Items included in the financial statements are measured using the currency of the primary economic envirement in which the company operates. The financial Statements are presented in Pakistani rupees, which is the Company's functional and Presentational currency.

AKBAR ALI HASHWANI
Chief Executive

AMIN A. HASHWANI
Director